No. 14626

IN THE

United States Court of Appeals

FOR THE NINTH CIRCUIT

JESSE E. HALL, WEATHERFORD OIL TOOL COMPANY, INC., a corporation, *et al.*,

Appellants-Appellees,

vs.

KENNETH A. WRIGHT and B & W INC., a corporation,

Appellees-Appellants.

Reply of B & W Inc. to Hall's Petition for Rehearing.

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In order to clarify the issues raised by the petition of Hall for rehearing anent validity of Hall 515 patent, the following memorandum is submitted:

The first point raised in the petition for rehearing is an endeavor to establish that the deposition of Philip Jones was not properly before the Court. For this purpose the full stipulation before the Trial Court is repeated hereinafter:

> "Mr. L. E. Lyon: That proceeding is now before the Patent Office. Depositions have been taken on behalf of all parties from last February until May of this year. The matter was submitted to the Patent Office for its decision on August 14 of 1953 and is now awaiting decision. We have no way of determining when that decision will be handed down.

In that regard there is a procedural question which is presented before this court. The depositions of many witnesses were taken. All of the parties here before this court were represented before in those proceedings by the same counsel. The testimony is in many hundreds of pages. Many of the witnesses are here in this locality and many of them are not.

In preparing the defendant's case in this matter we would like to know whether those depositions, how many of them, may be considered as depositions taken in this case, or whether it will be necessary to reproduce, or whether the court may not desire to have reproduced those witnesses for testimony before this court.

The Court: What is the possible outcome of that public use proceeding?

Mr. L. E. Lyon: If you are asking me the outcome of it, that the application Serial No. 55,619 will be held to be barred by public use, and that the 63,701 application will be stricken from the files, as well as the 55,619 case, and the *prima facie* holding of fraud will be sustained by the Patent Office.

The Court: That is one possible outcome. I take it the other possible outcome will be contrary.

Mr. L. E. Lyon: That is right. There is always another possible outcome.

The Court: Then if the defendants here are successful in their challenge before the Patent Office, it would have the effect of eradicating all of the claims that have been allowed?

Mr. L. E. Lyon: That is correct, your Honor.

The Court: That is, allowed to Hall.

Mr. L. E. Lyon: That is correct. In fact the Patent Office has held there is a *prima facie* showing of prior public use in instituting the public use proceedings. They have so held by the decisions before your Honor. And it is an endeavor to—

The Court: Is there anything we may do here that may embarrass that proceeding?

Mr. L. E. Lyon: Of course, if the presentation of all of the evidence, your Honor, would be presented before this court under the provisions of paragraph 3 of the contract in that ambiguous clause that your Honor has ruled on which claims may issue, because it is all immaterial and irrelevant to that issue.

What I am asking now is a procedural question of how the evidence is to be produced here.

The Court: I assume we have some of it already in the record.

Mr. L. E. Lyon: We have a very small part of it, your Honor. We have witnesses—I can give your Honor an idea of who the witnesses were that were before the Patent Office, and the witnesses that were called on behalf of B & W were Wright, Barkis, Doble, P. H. Jones, Hearn, Evans of the Union Oil Company, Edmonds with respect to the Kelly well, Gioia, Aguirre, Naegle, Rutherford, Sweetser, Kelly. Those are the witnesses who were called on that issue.

The Court: Do you propose now to offer that testimony before the Patent Office in evidence here; is that it?

Mr. L. E. Lyon: I can do that, your Honor, or bring the witnesses back. It is going to take a great extended period of time to reproduce that testimony here.

Mr. Scofield: I do not see the bearing, your Honor, that any of that testimony, or little of it, will have in this proceeding, because that was the proceeding in the Patent Office to determine whether or not, first, there was a public use out against these three claims of Hall. I do not see how that matter will come into this case.

The Court: Except as part of the surrounding circumstances, I assume, to aid in interpretation. Anything in the way of history of the development prior to the making of the contract of September 15, 1944 might be relevant—would be relevant. It might not be highly material, but it would be relevant to any issue as to the circumstances surrounding the contract, in part, would it not?

Mr. Scofield: I was going on to point out that any of that testimony or any of the exhibits that may be relevant to this particular case, I am willing to stipulate that testimony or those exhibits into this record without producing the witness and without having to produce the witnesses myself. But I think but very little of that will be pertinent here. But I am willing to stipulate any of that record into this proceeding.

Mr. L. E. Lyon: My position in that regard is that I could not accept such a qualified stipulation as to what Mr. Scofield might deem as relevant.

The Court: I assume that the court might find relevant.

Mr. Scofield: That is right, anything that the court deems relevant.

The Court: In other words, whatever the court may find admissible may be received by way of the record in the Patent Office proceeding rather than

calling the witnesses here in person. Is that the effect of it?

Mr. Scofield: That is my offer.

Mr. L. E. Lyon: And then there is the question of whether or not it would be received by way of depositions or any evidence taken would be without regard as to whether the witnesses themselves were produced before the court, and only determined by the question of whether the evidence was pertinent, material, or relevant to this matter under the issues as formulated by the pleadings.

The Court: I assume it would be offered in the same way as a deposition or depositions of witnesses, and its admissibility would be determined in the same manner, is that correct?

Mr. Scofield: That is the stipulation.

Mr. L. E. Lyon: That is satisfactory to me." [R. 723 to 728.]

It is obvious from the above set forth stipulation that the position taken by Hall in his petition for rehearing is not only erroneous but clearly contrary to the stipulation made in the Trial Court that the record in the public use proceeding be considered as part of the record before the Trial Court without the necessity of recalling the witnesses. The express purpose of the stipulation was to avoid recalling the witnesses, and for this purpose the testimony they gave in the public use proceedings was admitted into evidence in this case, the same as though the witnesses had personally testified before the Court or their deposition offered in lieu of the personal appearance. There is no grounds whatsoever for the argument made that the Jones deposition was not properly part of this record in view of the stipulation heretofore set forth.

The second point raised in the petition for rehearing is the assertion that the proofs of the Jones and Berdine test did not prove prior knowledge or use of the patented invention within the meaning of the Statute 35 U. S. C. 102. Obviously, such an assertion is wrong. 35 U. S. C. 102 provides, among the other defenses, subsection "(f) he did not himself invent the subject matter sought to be patented, or (g) before the applicant's invention thereof the invention was made in this country by another who had not abandoned, suppressed, or concealed it. * * *" The Patent Office stated in its decision in the public use proceedings, Plaintiffs' Exhibit 216 [R. 3554]:

> "The structure of Fig. 26 of the Jones and Berdine report is accordingly held to be sufficiently similar to that for which a patent is sought by the party Hall so as to constitute an equivalency thereof for public use purposes."

In Plaintiffs' Exhibit 216, the Patent Office continued to determine that the Jones and Berdine test did not constitute a public use. However, in Plaintiffs' Exhibit 216A it was made clear that the Patent Office was only determining the question of public use and not prior knowledge as defined by subsections (f) and (g) of 35 U. S. C. 102, stating in the record at page 3585:

> "* * * Moreover this proceeding was instituted for the purpose of proving a public use and not for the purpose of proving prior knowledge. The Patent Office does not conduct proceedings of the latter character, other than by means of interferences."

Therefore, the assertion made in the petition for rehearing that the 515 patent is not invalid under 35 U. S. C. 102 is clearly wrong and completely ignores subsections (f) and (g), the basis for this Court's and the Trial

Court's determination. There is no question but what Hall, the applicant for the 515 patent, was present at the Jones and Berdine test and witnessed such test long before his asserted date of conception. [See Deposition of Jesse E. Hall, July 15, 1948, Ex. 213, p. 7, line 1, to p. 8, line 7, incl.]

The Patent Office has held that the device of Jones and Berdine test was the same patentably speaking as Hall's 515 patent. Consequently, there is no question but what Hall did not himself invent the subject matter and that before Hall's invention, the invention was made by another in this country. Consequently, the 515 patent is clearly invalid.

It is, therefore, respectfully submitted that the petition for rehearing anent validity of Hall 515 patent should be denied.

Respectfully submitted,

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